

PERAC AUDIT REPORT



Natick Contributory Retirement System

JAN. 1, 2004 - DEC. 31, 2005 / PERAC 05-64



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PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOSEPH E. CONNARTON, *Executive Director*

November 6, 2006

The Public Employee Retirement Administration Commission has completed an examination of the Natick Retirement System pursuant to G.L. c. 32, § 21. The examination covered the period from January 1, 2004 to December 31, 2005. This audit was conducted in accordance with the accounting and management standards established by the Public Employee Retirement Administration Commission in regulation 840 CMR 25.00. Additionally, all supplementary regulations approved by PERAC and on file at PERAC are listed in this report.

In our opinion, the financial records are being maintained and the management functions are being performed in conformity with the standards established by the Public Employee Retirement Administration Commission. There were no significant audit findings to report.

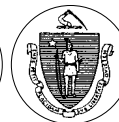
We commend the Natick Retirement Board for the exemplary operation of the system.

In closing, I acknowledge the work of examiner Martin J. Feeney who conducted this examination and express appreciation to the Board of Retirement and staff for their courtesy and cooperation.

Sincerely,



Joseph E. Connarton
Executive Director



Natick Retirement System

STATEMENT OF LEDGER ASSETS AND LIABILITIES

**FOR THE TWO-YEAR PERIOD BEGINNING JANUARY 1, 2004
AND ENDING DECEMBER 31, 2005**

FOR THE PERIOD ENDING DECEMBER 31,		
ASSETS	2005	2004
Cash	\$889,709	\$1,232,012
Short Term Investments	0	0
Fixed Income Securities	0	0
Equities	6,554,822	19,409,448
Pooled Short Term Funds	0	0
Pooled Domestic Equity Funds	0	0
Pooled International Equity Funds	7,695,407	8,409,820
Pooled Global Equity Funds	0	0
Pooled Domestic Fixed Income Funds	14,948,607	18,068,148
Pooled International Fixed Income Funds	17,018,067	0
Pooled Global Fixed Income Funds	0	0
Pooled Alternative Investment Funds	2,761,623	2,823,378
Pooled Real Estate Funds	5,930,920	2,972,731
Pooled Domestic Balanced Funds	14,884,163	13,172,077
Pooled International Balanced Funds	0	0
PRIT Cash Fund	0	0
PRIT Core Fund	0	0
Interest Due and Accrued	0	0
Accounts Receivable	2,384,531	2,205,412
Accounts Payable	(1,796)	0
TOTAL	<u>\$73,066,053</u>	<u>\$68,293,026</u>
FUND BALANCES		
Annuity Savings Fund	\$21,191,680	\$19,480,976
Annuity Reserve Fund	6,732,799	6,676,194
Pension Fund	9,647,919	10,174,489
Military Service Fund	0	0
Expense Fund	0	0
Pension Reserve Fund	35,493,655	31,961,367
TOTAL	<u>\$73,066,053</u>	<u>\$68,293,026</u>

Natick Retirement System

STATEMENT OF CHANGES IN FUND BALANCES

**FOR THE TWO-YEAR PERIOD BEGINNING JANUARY 1, 2004
AND ENDING DECEMBER 31, 2005**

	Annuity Savings Fund	Annuity Reserve Fund	Pension Fund	Military Service Fund	Expense Fund	Pension Reserve Fund	Total All Funds
Beginning Balance (2004)	\$18,868,678	\$6,262,351	\$11,049,699	\$0	\$0	\$28,084,236	\$64,264,964
Receipts	2,084,209	186,280	4,735,018	0	550,682	3,877,130	11,433,319
Interfund Transfers	(1,042,039)	1,042,039	0	0	0	0	0
Disbursements	(429,872)	(814,475)	(5,610,228)	0	(550,682)	0	(7,405,257)
Ending Balance (2004)	19,480,976	6,676,195	10,174,489	0	0	31,961,366	68,293,026
Receipts	2,627,481	195,355	5,254,290	0	657,335	3,532,287	12,266,748
Interfund Transfers	(756,718)	756,718	0	0	0	0	0
Disbursements	(160,058)	(895,468)	(5,780,859)	0	(657,335)	0	(7,493,720)
Ending Balance (2005)	<u>\$21,191,681</u>	<u>\$6,732,800</u>	<u>\$9,647,920</u>	<u>\$0</u>	<u>\$0</u>	<u>\$35,493,653</u>	<u>\$73,066,054</u>

Natick Retirement System

STATEMENT OF INCOME

**FOR THE TWO-YEAR PERIOD BEGINNING JANUARY 1, 2004
AND ENDING DECEMBER 31, 2005**

FOR THE PERIOD ENDING DECEMBER 31,		
	2005	2004
Annuity Savings Fund:		
Members Deductions	\$1,932,811	\$1,814,297
Transfers from other Systems	497,106	123,741
Member Make Up Payments and Redeposits	74,800	26,329
Member Payments from Rollovers	6,582	9,641
Investment Income Credited to Member Accounts	<u>116,182</u>	<u>110,200</u>
Sub Total	<u>2,627,481</u>	<u>2,084,208</u>
Annuity Reserve Fund:		
Investment Income Credited Annuity Reserve Fund	<u>195,355</u>	186,280
Pension Fund:		
3 (8) (c) Reimbursements from Other Systems	114,305	112,205
Received from Commonwealth for COLA and Survivor Benefits	298,210	138,486
Pension Fund Appropriation	<u>4,841,775</u>	<u>4,484,327</u>
Sub Total	<u>5,254,290</u>	<u>4,735,018</u>
Military Service Fund:		
Contribution Received from Municipality on Account of Military Service	0	0
Investment Income Credited Military Service Fund	<u>0</u>	<u>0</u>
Sub Total	<u>0</u>	<u>0</u>
Expense Fund:		
Expense Fund Appropriation	0	0
Investment Income Credited to Expense Fund	<u>657,335</u>	<u>550,683</u>
Sub Total	<u>657,335</u>	<u>550,683</u>
Pension Reserve Fund:		
Federal Grant Reimbursement	0	48,540
Miscellaneous Income	0	385
Interest Not Refunded	3,213	3,180
Excess Investment Income	<u>3,529,074</u>	<u>3,825,025</u>
Sub Total	<u>3,532,287</u>	<u>3,877,130</u>
TOTAL RECEIPTS	<u>\$12,266,748</u>	<u>\$11,433,319</u>

Natick Retirement System

STATEMENT OF DISBURSEMENTS

**FOR THE TWO-YEAR PERIOD BEGINNING JANUARY 1, 2004
AND ENDING DECEMBER 31, 2005**

FOR THE PERIOD ENDING DECEMBER 31,		
Annuity Savings Fund:	2005	2004
Refunds to Members	\$118,958	\$248,936
Transfers to other Systems	<u>41,100</u>	<u>180,936</u>
Sub Total	<u>160,058</u>	<u>429,872</u>
Annuity Reserve Fund:		
Annuities Paid	841,623	789,564
Option B Refunds	<u>53,845</u>	<u>24,911</u>
Sub Total	<u>895,468</u>	<u>814,475</u>
Pension Fund:		
Pensions Paid		
Regular Pension Payments	4,258,068	4,029,817
Survivorship Payments	275,585	277,075
Ordinary Disability Payments	29,926	26,008
Accidental Disability Payments	844,356	901,995
Accidental Death Payments	206,830	193,586
Section 101 Benefits	49,235	47,449
3 (8) (c) Reimbursements to Other Systems	116,859	134,298
Chapter 389 Beneficiary Increase Paid	<u>0</u>	<u>0</u>
Sub Total	<u>5,780,859</u>	<u>5,610,228</u>
Military Service Fund:		
Return to Municipality for Members Who Withdrew Their Funds	<u>0</u>	<u>0</u>
Expense Fund:		
Board Member Stipend	1,500	1,500
Salaries	124,217	103,251
Legal Expenses	48,191	9,100
Insurance Expense	4,623	5,110
Service Contracts	12,234	20,167
Travel Expenses	26,287	18,586
Administrative Expenses	8,622	24,566
Furniture and Equipment	1,480	3,188
Management Fees	340,823	284,896
Custodial Fees	44,858	58,693
Consultant Fees	<u>44,500</u>	<u>21,625</u>
Sub Total	<u>657,335</u>	<u>550,682</u>
TOTAL DISBURSEMENTS	<u>\$7,493,720</u>	<u>\$7,405,257</u>

Natick Retirement System

INVESTMENT INCOME

**FOR THE TWO-YEAR PERIOD BEGINNING JANUARY 1, 2004
AND ENDING DECEMBER 31, 2005**

FOR THE PERIOD ENDING DECEMBER 31,		
	2005	2004
Investment Income Received From:		
Cash	\$64,339	\$18,743
Short Term Investments	0	0
Fixed Income	0	0
Equities	208,020	248,698
Pooled or Mutual Funds	1,217,779	1,698,656
Commission Recapture	<u>0</u>	<u>0</u>
TOTAL INVESTMENT INCOME	<u>1,490,138</u>	<u>1,966,097</u>
Plus:		
Realized Gains	2,764,989	801,207
Unrealized Gains	5,549,814	5,954,342
Interest Due and Accrued on Fixed Income Securities - Current Year	<u>0</u>	<u>0</u>
Sub Total	<u>8,314,803</u>	<u>6,755,549</u>
Less:		
Paid Accrued Interest on Fixed Income Securities	0	0
Realized Loss	(1,145,646)	(723,041)
Unrealized Loss	(4,161,350)	(3,326,417)
Interest Due and Accrued on Fixed Income Securities - Prior Year	<u>0</u>	<u>0</u>
Sub Total	<u>(5,306,996)</u>	<u>(4,049,458)</u>
NET INVESTMENT INCOME	<u>4,497,945</u>	<u>4,672,188</u>
Income Required:		
Annuity Savings Fund	116,182	110,200
Annuity Reserve Fund	195,355	186,280
Military Service Fund	0	0
Expense Fund	<u>657,335</u>	<u>550,683</u>
TOTAL INCOME REQUIRED	<u>968,872</u>	<u>847,163</u>
Net Investment Income	<u>4,497,945</u>	<u>4,672,188</u>
Less: Total Income Required	<u>968,872</u>	<u>847,163</u>
EXCESS INCOME TO THE PENSION RESERVE FUND	<u>\$3,529,073</u>	<u>\$3,825,025</u>

Natick Retirement System

STATEMENT OF ALLOCATION OF INVESTMENTS OWNED

(percentages by category)

FOR THE PERIOD ENDING DECEMBER 31, 2005

	MARKET VALUE	PERCENTAGE OF TOTAL ASSETS	PERCENTAGE ALLOWED
Cash	\$889,709	1.26%	100
Short Term	0	0.00%	100
Fixed Income	0	0.00%	
Equities	6,554,822	9.27%	65
Pooled Short Term Funds	0	0.00%	
Pooled Domestic Equity Funds	0	0.00%	
Pooled International Equity Funds	7,695,407	10.89%	
Pooled Global Equity Funds	0	0.00%	
Pooled Domestic Fixed Income Funds	14,948,607	21.15%	
Pooled International Fixed Income Funds	17,018,067	24.08%	
Pooled Global Fixed Income Funds	0	0.00%	
Pooled Alternative Investment Funds	2,761,623	3.91%	5
Pooled Real Estate Funds	5,930,920	8.39%	10
Pooled Domestic Balanced Funds	14,884,163	21.06%	
Pooled International Balanced Funds	0	0.00%	
PRIT Cash Fund	0	0.00%	
PRIT Core Fund	0	0.00%	100
GRAND TOTALS	<u>\$70,683,318</u>	<u>100.00%</u>	

For the year ending December 31, 2005 the rate of return for the investments of the Natick Retirement System was 5.46% For the five-year period ending December 31, 2005 the rate of return for the investments of the Natick Retirement System averaged 2.26%. For the twenty-one year period ending December 31, 2005 since PERAC began evaluating the returns of the retirement systems, the rate of return of the investments of the Natick Retirement System was 9.37%.

Natick Retirement System

SUPPLEMENTARY INVESTMENT REGULATIONS

FOR THE TWO-YEAR PERIOD ENDING DECEMBER 31, 2005

The Natick Retirement System submitted the following supplementary investment regulations, which were approved by PERAC on:

July 14, 1988

20.07(4) No more than 5% of the market value of the total portfolio shall be invested in the equity securities of any one company.

June 19, 1991

16.02(4) The board may employ a custodian bank and may charge such expenses against earned income from investments provided that such expenses shall not exceed in any one-year .08% of the value of the fund.

November 27, 1991

18.02(4) **Rate of Return.** A statement of the rate of return objective for the entire portfolio which shall be equal to or in excess of 150 basis points greater than 30% S&P Stock Index and 70% Salomon Brothers High Grand Long Term Bond Index.

October 12, 1995

16.02(3) The board may incur expenses for investment advice or management of the funds of the system by a qualified investment manager and the board may incur expenses for consulting services. Such expenses may be charged against earned income from investments provided that the total of such expenses shall not exceed in any one year.
(a) 1% of the value of the fund for the first \$5 million,
(b) 0.5% of the value of the fund in excess of 5% million.

October 26, 1995

20.04(1) United States based corporations and equities of foreign corporations.
20.07(5) Equity investments shall be made only in securities listed on a United States stock exchange, traded over the counter in the United States, or listed and traded on a foreign exchange.

June 6, 1996

18.02(4) **Rate of Return.** To out perform by 100 basis points a composite index comprised of sixty percent (60%) Russell 1000 Index and forty percent (40%) Lehman Intermediate Government Corporate Index.

August 13, 1997

20.03(1) Equity investments shall not exceed 65% of the portfolio valued at market, including international equities, which shall not exceed 10% of the portfolio valued at market.

Natick Retirement System

SUPPLEMENTARY INVESTMENT REGULATIONS (Continued)

FOR THE TWO-YEAR PERIOD ENDING DECEMBER 31, 2005

September 3, 1997

20.03(2) At least 35% but not more than 80% of the portfolio valued at market shall consist of fixed income investments with a maturity of more than one year.

August 14, 2003

16.08 In accordance with PERAC Investment Guideline 99-2, the Natick Retirement Board may make a modest modification to its fixed income investment mandate with Met Life/State Street Research. Through a commingled fund, the State Street Research Institutional Core Plus Fixed Income Fund, the board is transferring from a core to a core plus mandate, under which the manager may make opportunistic allocations to high yield, international, and emerging markets.

Natick Retirement System

NOTES TO FINANCIAL STATEMENTS

FOR THE TWO-YEAR PERIOD ENDING DECEMBER 31, 2005

NOTE 1 - THE SYSTEM

The plan is a contributory defined benefit plan covering all Natick Retirement System member unit employees deemed eligible by the retirement board, with the exception of school department employees who serve in a teaching capacity. The Teachers' Retirement Board administers the pensions of such school employees.

Instituted in 1937, the System is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees.

The system provides for retirement allowance benefits up to a maximum of 80% of a member's highest three year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65 (for certain hazardous duty and public safety positions, normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 75 - 85% pension and 15 - 25% annuity.

Active members contribute either 5, 7, 8, or 9% of their gross regular compensation. Members joining the retirement system after January 1, 1979 must contribute an additional 2% on regular compensation earned at a rate in excess of \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. These deductions are deposited in the Annuity Savings Fund and earn interest at a rate determined by the Executive Director of PERAC according to statute. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustment granted between 1981 and 1997 and any increase in other benefits imposed by state law during that period are borne by the state.

Natick Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE TWO-YEAR PERIOD ENDING DECEMBER 31, 2005

The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current year pension payments as indicated on the most recent funding schedule as approved by PERAC's Actuary. Until recently, retirement systems were paying only the actual retirement benefits that were due each year.

Systems had no statutory authorization to put aside any money for the future benefits of employees who are now working. Large unfunded liabilities resulted from operating upon this pay-as-you-go basis. In 1977, legislation authorized local governments to appropriate funds to meet future pension obligations.

In 1983, additional legislation was passed requiring the transfer of investment earnings (in excess of the amount credited to member accounts) into the Pension Reserve Fund. These initiatives have significantly reduced the rate of growth of the retirement systems' unfunded liabilities, and in some systems have actually eliminated such liability.

Administrative expenses are funded through investment income of the system.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent upon several factors including: whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veteran's status, and group classification.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive either zero (0%) percent, fifty (50%) percent, or one hundred (100%) percent of the regular interest which has accrued upon those deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Executive Director of Public Employee Retirement Administration Commission.

Natick Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE TWO-YEAR PERIOD ENDING DECEMBER 31, 2005

The Annuity Savings Fund is the fund in which members' contributions are deposited. Active members contribute either 5, 7, 8, or 9% of their gross regular compensation. Voluntary contributions, re-deposits, and transfers to and from other systems, are also accounted for in this fund. Members' contributions to the fund earn interest at a rate determined by PERAC. Interest for some members who withdraw with less than ten years of service is transferred to the Pension Reserve Fund. Upon retirement, members' contributions and interest are transferred to the Annuity Reserve Fund. Dormant account balances must be transferred to the Pension Reserve Fund after a period of ten years of inactivity.

The Annuity Reserve Fund is the fund to which a member's account is transferred upon retirement from the Annuity Savings Fund and Special Military Service Credit Fund. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually on the previous month's balance.

The Special Military Service Credit Fund contains contributions and interest for members while on a military leave for service in the Armed Forces who will receive creditable service for the period of that leave.

The Expense Fund contains amounts transferred from investment income for the purposes of administering the retirement system.

The Pension Fund contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.

The Pension Reserve Fund contains amounts appropriated by the governmental units for the purposes of funding future retirement benefits. Any profit or loss realized on the sale or maturity of any investment or on the unrealized gain of a market valued investment as of the valuation date is credited to the Pension Reserve Fund. Additionally, any investment income in excess of the amount required to credit interest to the Annuity Savings Fund, Annuity Reserve Fund, and Special Military Service Credit Fund is credited to this Reserve account.

The Investment Income Account is credited with all income derived from interest and dividends of invested funds. At year-end the interest credited to the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund, and Special Military Service Credit Fund is distributed from this account and the remaining balance is transferred to the Pension Reserve Fund.

Natick Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE TWO-YEAR PERIOD ENDING DECEMBER 31, 2005

NOTE 3 - SUPPLEMENTARY MEMBERSHIP REGULATIONS

The Retirement System submitted the following supplementary membership regulations, which were approved by PERAC on August 29, 1990:

ELIGIBILITY

A. The Board considers a part-time, provisional, temporary provisional, seasonal, or intermittent employee, eligible for membership in the retirement system IF he/she has been regularly employed for an average of at least twenty (20) hours per week, minimum of 520 hours per year, and has completed six (6) calendar months of service.

B. A part-time, provisional, temporary provisional, seasonal or intermittent employee receiving weekly or monthly salaries or wages for prescribed periods of employment will be given creditable service as described below. In the case of any such employee whose work is found by the Board to be seasonal in nature, the Board shall credit as the equivalent of one year of service actual full-time service of not less than seven (7) months during any one calendar year.

DEFINITIONS:

- a: For school cafeteria personnel, a day is to be based on a seven (7) hour period of employment in a thirty-five (35) hour week.
- b: For clerical personnel, a day is to be based on a seven and one-half (7 1/2) period of employment in a thirty-seven and one-half (37 1/2) hour week.
- c: For all other employees, a day is to be based on an eight (8) hour period of employment in a forty (40) hour week.

C. Any school lunch or cafeteria personnel who works seven (7) hours or more per day, will be considered by the Board a full-time employee and eligible for membership in the Retirement System.

Natick Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE TWO-YEAR PERIOD ENDING DECEMBER 31, 2005

NOTE 3 - SUPPLEMENTARY MEMBERSHIP REGULATIONS (Continued)

CREDITABLE SERVICE

A. No credit shall be allowed for a fraction of a month less than one-half month, but if the fraction is one-half month or more, a full month's credit shall be allowed.

B. Service credit determination for the following classifications:

1. For employees of the FIRE DEPARTMENT, one year's credit for every 12 months of service.
2. For employees of the POLICE DEPARTMENT, one year's credit for every 12 months of service.
3. Creditable service for reserve patrolman governed by MGL c.32, § 4 (2) (b).
4. **For School Crossing Guards, one year's credit for the School Year of Service.
5. **For School Cafeteria employees, upon the completion of the six month wait for membership, one year's credit for the School Year of service.
6. For Teacher Aides, one year's credit for the School Year of service.
7. For School Year Secretaries, one year's credit for the School Year of service.
8. Creditable service for call firefighters governed by MGL c.32, s.4 s. (2)(b).

Natick Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE TWO-YEAR PERIOD ENDING DECEMBER 31, 2005

NOTE 4 - ADMINISTRATION OF THE SYSTEM

The System is administered by a five-person Board of Retirement consisting of the Comptroller who shall be a member ex officio, a second member appointed by the governing authority, a third and fourth member who shall be elected by the members in or retired from the service of such system, and a fifth member appointed by the other four board members.

Ex officio Member: E. Ruth Cashman

Appointed Member: David Given Term Expires: 1/2/09

Elected Member: Robert J. Drew Term Expires: 6/30/08

Elected Member: Michael J. Melchiorri Term Expires: 12/31/08

Appointed Member: John D. Mahaney Term Expires: 1/30/09

The Board members are required to meet at least once a month. The Board must keep a record of all of its proceedings. The Board must annually submit to the appropriate authority an estimate of the expenses of administration and cost of operation of the system. The board must annually file a financial statement of condition for the system with the Executive Director of PERAC.

The investment of the system's funds is the responsibility of the Board. All retirement allowances must be approved by the Retirement Board and are then submitted to the PERAC Actuary for verification prior to payment. All expenses incurred by the System must be approved by at least two members of the Board.

The following retirement board members and employees are bonded by an authorized agent representing a company licensed to do business in Massachusetts as follows:

Treasurer-Custodian:)	\$50,000,00
Ex officio Member:)	Fiduciary Liability
Elected Member:)	\$1,000,00
Appointed Member:)	Commercial Crime-Employee
Staff Employee:		Dishonesty

Natick Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE TWO-YEAR PERIOD ENDING DECEMBER 31, 2005

NOTE 5 - ACTUARIAL VALUATION AND ASSUMPTIONS

The most recent actuarial valuation of the System was prepared by the Segal Company, Inc. as of January 1, 2006.

The actuarial liability for active members was	\$61,770,770
The actuarial liability for non-vested terminated members was	924,928
The actuarial liability for retired members was	56,207,588
The total actuarial liability was	118,903,286
System assets as of that date were	79,234,306
The unfunded actuarial liability was	\$39,668,980
The ratio of system's assets to total actuarial liability was	66.6%
As of that date the total covered employee payroll was	\$24,814,583

The normal cost for employees on that date was 8.47% of payroll

The normal cost for the employer (including administrative expenses) was 8.13% of payroll

The principal actuarial assumptions used in the valuation are as follows:

Investment Return: 8.00% per annum

Rate of Salary Increase: 5.50% per annum

GASB STATEMENT NO. 25, DISCLOSURE INFORMATION AS OF JANUARY 1, 2006

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Cov. Payroll ((b-a)/c)
1/1/2006	\$79,234,306	\$118,903,286	\$39,668,980	66.6%	\$24,814,583	159.9%
1/1/2004	70,246,877	109,024,236	38,777,359	64.4%	22,170,379	174.9%
1/1/2002	68,985,592	100,572,515	31,586,923	68.6%	22,056,144	143.2%
1/1/2000	64,669,153	89,688,360	25,019,207	72.1%	18,611,143	134.4%
1/1/1999	63,402,638	86,939,398	23,536,760	72.9%	17,641,644	133.4%

Natick Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE TWO-YEAR PERIOD ENDING DECEMBER 31, 2005

NOTE 6 - MEMBERSHIP EXHIBIT

Retirement in Past Years	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Superannuation	8	10	19	7	7	6	9	19	17	15
Ordinary Disability	0	0	0	0	1	0	0	0	0	0
Accidental Disability	1	1	2	1	0	3	1	2	0	0
Total Retirements	9	11	21	8	8	9	10	21	17	15
Total Retirees, Beneficiaries and Survivors	364	378	373	372	385	384	359	364	367	369
Total Active Members	484	501	521	526	531	553	549	549	558	594
Pension Payments										
Superannuation	\$2,932,843	\$2,926,952	\$3,043,932	\$3,212,751	\$3,415,754	\$3,459,871	\$3,585,267	\$3,764,107	\$4,029,816	\$4,258,068
Survivor/Beneficiary Payments	176,935	190,455	202,562	217,994	238,039	240,118	280,327	244,055	277,075	275,585
Ordinary Disability	57,277	58,535	55,811	54,087	46,417	39,633	40,499	41,379	26,008	29,926
Accidental Disability	743,435	751,049	779,371	730,550	739,281	845,948	914,766	920,902	901,995	844,356
Other	<u>238,489</u>	<u>230,355</u>	<u>279,649</u>	<u>258,267</u>	<u>271,841</u>	<u>270,847</u>	<u>267,572</u>	<u>292,019</u>	<u>375,334</u>	<u>372,924</u>
Total Payments for Year	<u>\$4,148,979</u>	<u>\$4,157,346</u>	<u>\$4,361,325</u>	<u>\$4,473,649</u>	<u>\$4,711,332</u>	<u>\$4,856,417</u>	<u>\$5,088,431</u>	<u>\$5,262,462</u>	<u>\$5,610,228</u>	<u>\$5,780,859</u>

PERAC

Five Middlesex Avenue | Third Floor
Somerville, MA | 02145

Ph: 617.666.4446 | Fax: 617.628.4002

TTY: 617.591.8917 | Web: www.mass.gov/perac